

# NACO Legislative Report



February 27, 2026

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## Hearings Conclude, Full Days of Debate to Begin

Standing committee hearings on introduced legislation wrapped up this week. After a [recess day](#) on Monday, the Legislature will begin full days of floor debate on Tuesday, the 36th day of the session. Debate will focus on [priority bills](#) until the Appropriations Committee advances the mid-biennium budget to the floor. The budget must be placed on General File no later than the 40th day, which is March 9, and passed no later than the 50th day.

When the session began, senators faced a \$471 million budget gap. The committee's [preliminary budget report](#) contains its initial considerations on how to address the gap. Since the report was released, it has been reported that the committee approved a two-year \$3 million transfer from the Nebraska Veterans Aid fund, which is \$2 million less than the amount recommended in the [governor's budget](#). They also reduced a \$40 million sweep from the Nebraska Environmental Trust to about \$11 million. These and other cuts reduced the projected shortfall to approximately \$155 million.

The gap became larger after the Nebraska Economic Forecasting Advisory Board met on Friday and reduced projected revenues by another \$175 million for the next fiscal year. This will bring the projected deficit to roughly \$301 million.

Most of the debate this week focused on two issues – Capitol security and worker's compensation. [LB1237](#), which would prohibit entering the State Capitol with a weapon or other prohibited substance, was advanced from General File. [LB455](#) would require first injury reports in workers' compensation cases to be confidential. Debate on LB455 will continue on Tuesday.

On Friday, the Legislature passed 11 bills, including [LB807](#) that would shift grant funding for riparian weed control programs from the Department of Agriculture to the Department of Water, Energy and Environment.

## Governor Signs Zoning Bill

On Tuesday, Governor Jim Pillen signed [LB663](#), a bill to create shotclocks for county zoning decisions and require education for officials involved in the zoning process.

LB 663 would give planning commissions 30 days to determine if an application for a conditional use permit or special exception is complete, then 90 days to approve or deny the completed application. The county board would have 30 days to determine if the application is complete, and another 90 days to approve or deny the permit.

The board's decision to approve the application would be based solely on compliance with county zoning regulations. Applicants could not be required to apply for or obtain any other federal, state, or local permit as a condition for granting the conditional use permit or special exception, but they would not be relieved of the authority to obtain necessary permits.

In determining whether to approve or deny a special use permit, the county board or planning commission would presume that the applicant will comply with all federal, state, and local requirements. The burden of proof to the contrary would rest on the party challenging the presumption. The party appealing a decision of a county board or planning commission would have to prove by clear and convincing evidence that the decision was arbitrary, capricious or illegal or was inconsistent with the county's zoning regulations.

County attorneys, planning commission members and county board members would be required to attend two hours of education per term on topics specific to their roles in the zoning and permitting processes.

The bill will take effect three calendar months after the session adjourns, which is scheduled for April 17. A committee of county officials will be appointed to help NACO develop educational materials to comply with the new requirements and a best practices toolkit with considerations for counties making planning and zoning decisions. Information about how to apply to serve on the committee will be available soon.

Governor Pilleen also signed [LB441](#) that would allow virtual building permit inspections by authorized inspectors.

## **Bills Reported to General File**

Committees continue to advance bills to General File. While many have not been prioritized and will not be debated independently, having been advanced to General File positions them to be included in committee packages or otherwise amended onto priority bills.

### **Revenue Committee**

The Revenue Committee officially reported that [LB1219](#), a bill to impose a hard cap of two percent plus real growth on political subdivisions, was advanced to General File without amendments. The current cap is based on SLCE (State and Local Consumption Expenditures and Gross Investment), which averaged just under four percent over the last 20 years.

NACO and representatives of cities and schools have met with the Revenue Committee chair, Senator Brad von Gillern, and his staff to discuss alternatives to the proposal. There is concern that the existing exceptions to the cap, particularly the exception for public safety, could be abused.

County officials are encouraged to gather information about the impact of a two percent cap. This could include the costs of mandated services and emergency responses, as well as increased costs for wages, materials and insurance. LB1219 was prioritized by Senator Ben Hansen.

The Revenue Committee also reported out [LB1154](#) that would fix an error in the treatment of unused budget authority under the property tax cap that was placed on counties and cities during the 2024 special session.

[LB1131](#) would repeal the personal property tax exemption for data centers for personal property that is assembled, engineered or processed as part of the data center for subsequent use at a physical location in another state.

[LB1067](#), as introduced, would increase the documentary stamp tax from \$2.32 per thousand dollars of value to \$3.82. The new funds would be allocated to rural and middle income housing and eliminate transfers from the Affordable Housing Trust Fund into other funds. A Revenue Committee [amendment](#) would increase the rate by one dollar, with a sunset in 2032. The amount currently received by counties – 50 cents per \$1,000 of value – would not change in the bill or amendment. LB1067 was introduced by Senator Bob Hallstrom and prioritized by Senator Ashlei Spivey.

## Judiciary Committee

The state would take over financial support of all technology related to probation offices under a Judiciary Committee [amendment](#) to [LB327](#) that was reported out on Tuesday. Currently, these costs are paid by counties, in addition to providing office space for probation offices in counties. As introduced, LB327 would have shifted those costs to the state as well. LB327 is likely to be offered as an amendment to [LB468](#), a bill to reduce inheritance tax collections and provide replacement revenue. LB468 carried over from last year on Select File and was prioritized by Senator Rob Clements.

The Judiciary Committee also reported out [LB784](#) that would change requirements for continuing education for law enforcement officers. As introduced, all officers would be required to attend 24 hours, rather than 32 hours of education annually, with training on de-escalation, vehicular pursuit policies and other specified topics required every three years. A committee amendment would require agencies with less than 25 full-time officers to attend at least 24 hours of continuing education annually. Larger agencies would be required to attend at least 32 hours. Refresher courses on vehicle pursuit policies and mental health and substance abuse issues would be required once every three years.

Other provisions would allow sheriffs in counties without cities of the metropolitan, primary or first class to reside in an adjoining county. Those population restrictions would make this option available in counties of 5,000 or less.

The committee also advanced [LB727](#) that would allow law enforcement agencies to obtain epinephrine for use by trained officers in emergency situations. LB727 is a Speaker priority bill.

The committee will hold a special hearing on March 5 on a proposed [amendment](#) to [LB1096](#) that would create requirements intended to protect the state from foreign adversaries. The amendment, which would replace the bill, would prohibit governmental entities from entering into contracts relating to critical infrastructure with foreign companies if the contract would allow direct or remote access to critical infrastructure. Critical infrastructure is defined to include 911 systems, communication infrastructure systems, cybersecurity systems, and other systems and facilities. Information relating to critical water infrastructure and critical telecommunications and broadband infrastructure, including 911 systems, could be protected from disclosure as public records. Senator Eliot Bostar prioritized LB1096.

## Health and Human Services Committee

The Health and Human Services Committee advanced [LB912](#), a bill on community health worker training, with a committee [amendment](#) containing several bills. The amendment includes provisions from [LB891](#) that would prohibit political subdivisions from instituting residency requirements for certain family child care homes. LB912 is a Health and Human Services Committee priority bill.

## Urban Affairs Committee

The Urban Affairs Committee advanced [LB1041](#), which would provide conditions for counties and cities to regulate accessory dwelling units placed on the same lot as single family homes. A committee [amendment](#) would replace the bill as introduced with reporting requirements for cities about the efforts, obstacles, and strategies they see in regulating accessory dwelling units.

## Hearings Held This Week

### Government, Military and Veterans Affairs Committee

The Government, Military and Veterans Affairs Committee heard two bills introduced on behalf of NACO this week. Senator Myron Dorn introduced [LB1019](#) to exempt county assessors who enter onto property in the performance of their duties from liability for trespass. An Attorney General's opinion last summer invalidated a 1977 opinion which said that assessors could enter property, but not homes, without being liable for trespass. The new opinion concluded that assessors who enter private property without consent or a warrant could be

liable for criminal trespass. Entry without a proper search warrant could be an unconstitutional search and seizure. The opinion suggested alternatives such as drones to complete statutorily-required property inspections.

NACO testified that county assessors are statutorily required to discover, list, and value all property. Without physical inspections, assessments will be less accurate and more expensive. Using aerial photography statewide is conservatively estimated to cost \$4 million. Without the bill, assessors will not be able to comply with statutory requirements for physical inspections at least once every six years. Authority to enter property is already given to county surveyors, game wardens, and other officials. A county assessor testified that inspections do not always result in valuation increases. Sometimes valuations are reduced because of property quality or removal of structures.

Committee members asked how assessors contact property owners and whether an assessor's access to property could be limited to easements or rights-of-way.

[LB1203](#) would create new procedures for small checks issued by counties that remain uncashed for three years. Currently, these checks are remitted to the state's Unclaimed Property Division. Under LB1203, these checks would be declared void and cease to be an obligation of the county, allowing them to be charged off the county's books. The money, including any interest, would be credited to the county general fund. If the check is later presented to the county board for payment, the board could approve the claim. This procedure is similar to the process used when uncashed state checks are declared void and later paid through the state claims process. NACO testified that this would give residents local access to small uncashed checks, rather than going through the state unclaimed property process. Senator Stan Clouse introduced LB1203.

In addition, the committee heard [LB1215](#), the Political Subdivision Contracting Transparency Act. The bill would require political subdivisions that are purchasing services or goods or engaged in construction to make full payments no later than 30 days after receipt of a proper invoice. Unsuccessful bidders could request a written or virtual postaward briefing about the evaluation criteria, scoring information and other information about the bid. The Department of Administrative Services would be required to establish an online procurement calendar and political subdivisions would be required to post solicitations of \$50,000 or more.

Proponents testified that because bidding requirements are not uniform among political subdivisions, it can be challenging for them to navigate the process. Delayed payments affect the cash flow of these businesses and subsequently affect payrolls, credit lines, and other financial aspects. NACO testified in opposition, noting that under the County Purchasing Act, competitive bidding is triggered at \$70,000 and all information submitted in response to a solicitation is considered a public.

[LB1081](#) would prohibit state agencies and political subdivisions from using public funds to purchase U.S. or State of Nebraska flags that are not manufactured in the United States. Small hand-held flags would be exempt. According to testimony, existing flags would not need to be replaced but new purchases would be subject to the requirement.

[LB1256](#) would add snow and ice removal and flood management to the definition of emergency management so that workers in these areas would be recognized as emergency management workers that are part of integrated emergency responses.

## **Judiciary Committee**

Relatives, friends, and other interested parties could file petitions to place individuals into emergency protective custody under a bill heard by the Judiciary Committee this week. Currently, these petitions can only be filed by county attorneys. By expanding this authority, proponents said [LB1040](#) would allow families and law enforcement to intervene before a crisis occurs. Opponents, including NACO, county attorneys, service providers and others testified that the bill would expand legal processes without making necessary investments in behavioral health regions or addressing the lack of attorneys, physicians, and mental health providers in many areas.

The committee also heard and reported out [LB1084](#), a technical correction of the Nebraska Mental Health Commitment Act that was adopted last year. The language from LB1084 has been filed as an [amendment](#) to

[LB816](#), which is on Select File. LB816 would provide confidentiality for peer support services communications by public safety personnel.

[LB952](#) would codify an internal administrative fund used by the Supreme Court as the Supreme Court Operations Cash Fund. It would terminate the Court Appointed Special Advocate Fund that provides grants to recruit and train these volunteers. Since 2018, this appropriation has been made to the Foster Care Review Office and there is no money in the fund.

Other bills heard on Thursday would prohibit sexual contact between law enforcement officers and minors ([LB909](#)) and require defendants convicted of sexual offenses to pay \$100 for the forensic analysis of each electronic device seized in connection with the offense ([LB910](#)).

Law enforcement officers would be prohibited from wearing facial coverings that obscure their identity by two bills heard on Friday. [LB854](#) and [LB906](#) would provide exceptions for respirators, facial coverings intended to protect against toxins or bodily fluids, officers serving undercover, and other limited situations. The bills would require officers to wear identification showing their name and agency. LB906 would also create an exception from the Political Subdivisions Tort Claims for actions of law enforcement officers in violation of the facial covering prohibitions.

Two other bills would limit the authority of law enforcement agencies to enter into agreements to enforce federal immigration laws. [LB963](#) would require legislative approval before the state could enter into such agreements. [LB881](#) would apply to political subdivisions and the Nebraska State Patrol. Law enforcement agencies and jails would need approval of their respective governing bodies before signing such agreements.

Another bill, [LB907](#), would prohibit law enforcement officers from entering into community safe spaces, such as hospitals, courthouses, and churches, to enforce immigration laws without a warrant.

## **Revenue Committee**

The Revenue Committee heard bills on tax incentives and shell bills on property ([LB803](#)), income ([LB802](#)) and sales taxes ([LB901](#)). The shell bills do not propose substantive changes and are not intended to be passed as introduced. Instead, they are likely to serve as vehicles for other issues, should the committee need them. The committee prioritized LB803 and LB901.

## **Urban Affairs Committee**

Two bills that would restrict electrical and other codes adopted by counties were heard by the Urban Affairs Committee this week.

Under [LB1134](#) and [LB1227](#), counties and cities would be prohibited from adopting local building or electrical codes that are more stringent than state codes. Opponents of both bills questioned whether regular code upgrades are necessary and whether the benefits to homeowners offset the costs. LB1134 would require an independent third-party to present evidence indicating that proposed changes to local codes protect the public from eminent danger.

LB1227 would require new energy codes to generate energy cost savings over five years using energy impact studies developed by the Department of Water, Energy and Environment. The bill is based on Michigan laws.

The committee also heard [LB1129](#) that would allow tax increment financing (TIF) to be used on land that lies within a city's extraterritorial zoning jurisdiction. These areas are already subject to long-range municipal planning for orderly growth.

[LB1168](#) would allow cities to issue conduit revenue bonds on behalf of private investors, who would be involved in the planning and vetting of the TIF project. In traditional TIF projects, bonds are sold to unrelated investors late in the development process. Under the bill, the city, investor, and developer could agree to lower the percentage of excess revenue that is pledged to the project, thereby allowing a greater distribution of tax dollars to counties,

cities and schools. The obligation for the bonds would run with the land and be taken on by subsequent investors.

## Business and Labor Committee

Counties that serve as the site of a state correctional facility would be able to file more than one state claim to cover the costs of prosecution related to a single incident under [LB1170](#). The bill, which was heard by the Business and Labor Committee, is intended to clarify Johnson County's eligibility to submit additional claims arising from the 2017 Tecumseh prison riot. Senator Dave Wordekemper introduced the bill, with cooperation from Senator Bob Hallstrom, the Attorney General, and Department of Administrative Services. Johnson County and NACO testified that ongoing, recently realized claims make it difficult to file a single claim for the event. An amendment is expected that will clarify the thresholds for later claims. The bill would also revise the presumptions of injury that result in a public safety officer's death under the Line of Duty Compensation Act.

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